

December 1, 2015

The Office of Management and Budget

To Whom it may concern,

Steve and Sharla Belcher are the owners of Mid Cities Vapor in North Richland Hills and Fort Worth. Their business doors have been open for over three years; and during that time they have been focused, stimulating the local economy and providing gainful employment for 10 employees. They have followed every city ordinance and state law regarding their business practices.

The Belcher's are long term residents of NRH and for last three years they have been members of the local Chamber of Commerce and participate in numerous charities and are involved with local communities services. The local hockey team has enjoyed their sponsorship for a number of years. Steve and Sharla Belcher are a true example of what it means to run a small business and great residents of North Richland Hills.

Sincerely,

Timothy J. Welch

Timothy J. Welch, P.E.
City Councilmember, Place 7
City of North Richland Hills



December 1, 2015

Steve and Sharla Belcher
Mid-Cities Vapor, LLC
5205 Davis Boulevard, Suite D
North Richland Hills, TX 76180

Dear Steve and Sharla,

We would like for you to know how much we have appreciated your support of The Northeast Tarrant Chamber and our area over the last several years. Your sponsorship of our major events such as Denim & Diamonds, the Family 4th Celebration and Viva Las Vegas, as well as your participation in our Chamber have been important for further economic development!

We are fortunate to live in one of the fastest growing areas of the country and our area economic development continues to boom, thanks in part to businesses like yours who are investing in our Northeast Tarrant community. We appreciate the partnership we have with you and look forward to continued success and growth for North Richland Hills and Northeast Tarrant County for years to come!

Sincerely,

Jack Bradshaw
President & CEO
The Northeast Tarrant Chamber

Hello, my name is Steven Belcher, my wife Sharla and I are the owners of Mid Cities Vapors. Our doors have been open for three years, and we have two existing locations, one in North Richland Hills and a newer location in Fort Worth. I've come today to speak on how the proposed deeming regulations will impact not just my business, but also the lives and livelihood of my employees.

While in the past we have had 14 people in our employ, there are currently nine individuals not including myself working for Mid Cities Vapor. Over the years, over \$660,000 has been paid out in wages. They earn more than minimum wage working for this company, as I believe in providing a livable wage and opportunity to my associates.

Our original location opened in September of 2012, and while those first four months were lackluster, between our doors opening and November 2015 we have grossed over 2.8 million dollars and with that generated over \$222,000 in tax revenue. This allowed us to expand our facilities by moving to a larger location in North Richland Hills, where we take an active role in giving back to our community. In 2014 we opened a second location in Fort Worth, where we continued our goal of providing the best quality product possible to our customers; the bottles we package our e-liquid in are tamper evident and child resistant, and our employees provide one on one instruction with our customers to ensure knowledgeable consumers.

We've obtained 3422 new customers just this year. Out of those customers, 51.4% have become repeat business. We like to believe that they not only return because they enjoy the product, but also because of the environment we provide. In a time where impersonal big box stores are the norm, we are a throwback to the cottage industry. Customers enjoy coming in and just talking with us, having a cup of coffee while they wait, taking a quiet moment out from their hectic day. Before Piggly Wiggly revolutionized the self-serve grocer, people had a more personal interaction with shop owners, and our customers enjoy the return of this tradition. We took it upon ourselves to ask our customers about their vaping habits, and how the regulations would impact their lives. They were quite vocal in their opinions.

Of the customers surveyed over 75% use vapor products exclusively, around 14% prefer their vapor products but still use traditional tobacco every now and again. Only 3% of our customers use traditional tobacco in equal measure with vaporizers while no one used traditional tobacco more than their vapor product of choice. Almost 35% of our customers come in to see us twice a month, where just under 30% come in every week. 13% of these come in multiple times a week. We are an important part of their day to day lives, and if the option of vaping was taken away most would return to more harmful tobacco products rather than use inferior cig-a-likes.

Accusations have been made toward the vaping industry that it appeals and markets to minors with the wide variety of sweet and fruity flavors. This couldn't be further from the truth with Mid Cities Vapor. No one under the age of 18 is even allowed on the premises, let alone allowed to make purchases. Half of our customers surveyed are between the ages of 30 and 50. It was an almost equal split on ages when it came to the younger 18 to 30 group and those over the age of 50. Only 16% use traditional tobacco and traditional menthol flavors. The most popular come from our fruit and orchard selection, barely beating out our confections. Adults use and prefer the wide variety of flavors to the point where one of our elderly gentlemen exclusively vapes on a cotton candy flavor. This isn't an industry that markets to minors. We don't have to.

We have a large variety of products – 150 sku's on flavors, and 13 sku's on the nicotine choices- and the 2-10 million dollar price tag on each PMTA is impossible to meet. Deeming regulations on the e-liquid alone would cost at least 1.9 billion dollars, and in the three years of being in business we have netted just over 3 million dollars in sales. This doesn't even take into consideration the PMTAs that would have to be made for each tank, battery, mod, and coil. Deeming regulations would more than just cripple myself and the vaping industry at large; it would kill us. The FDA doesn't deny this fact, which is why HR 2058 and HR 3049 is so important.

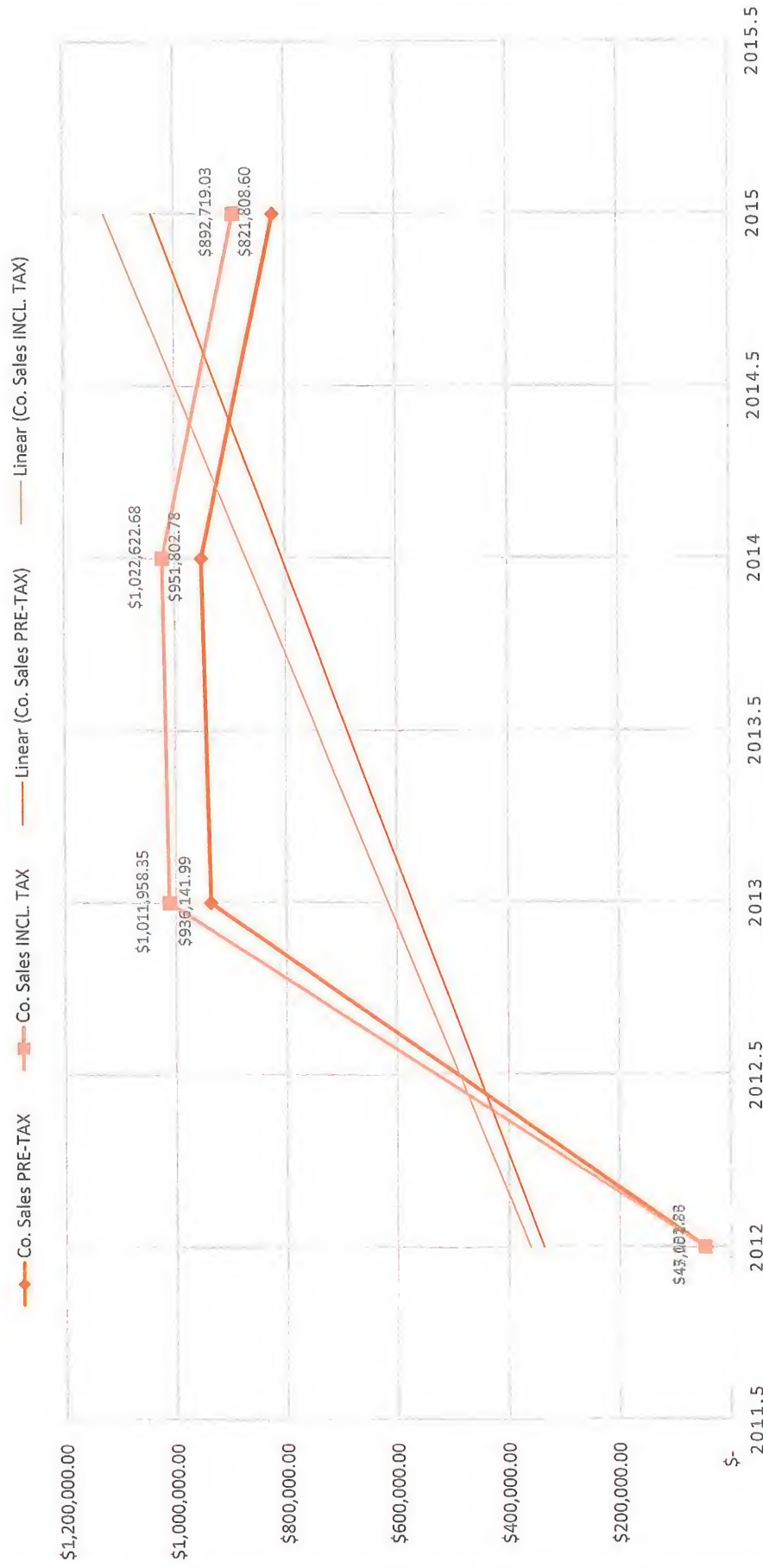
HR 2058 would clarify the predicate date for this new technology to be the effective date of the FDA's proposed regulations. This means everything that is currently on the market gets to stay on the market. New products would be able to use the Substantial Equivalent pathways that tobacco companies have been using for so long. While the Substantial Equivalent pathway is still costly, it could be accomplished with the date set forth by HR 2058. The FDA would still be able to monitor the vaping industry. Sensible product standards and manufacturing standards would give small and medium sized business something to strive for while still giving the opportunity for growth.

Ultimately all I want as a small business owner is the opportunity to grow, to continue to employ those who have become a family, to use the success that has been achieved to give back to the community and to the economy. Please support HR 2058, as well as HR 3049, and give us the ability to fairly compete with the tobacco industry and continue the dream of all small business owners. Thank you for allowing me to speak today.

**MID CITIES VAPOR LLC.
5205 DAVIS BLVD. SUITE D
NORTH RICHLAND HILLS, TX. 76180
817-281-0748**

**DECEMBER 4th 2015
MEETING NOTES
CHARTS/GRAPHS
FOR THE
OFFICE OF MANAGEMENT AND BUDGET
AND
THE OFFICE OF INFORMATION AND
REGULATORY AFFAIRS**

COMPANY BRICK & MORTAR YEARLY SALES TOTALS



Co. Daily Sales Totals *Beginning to Date

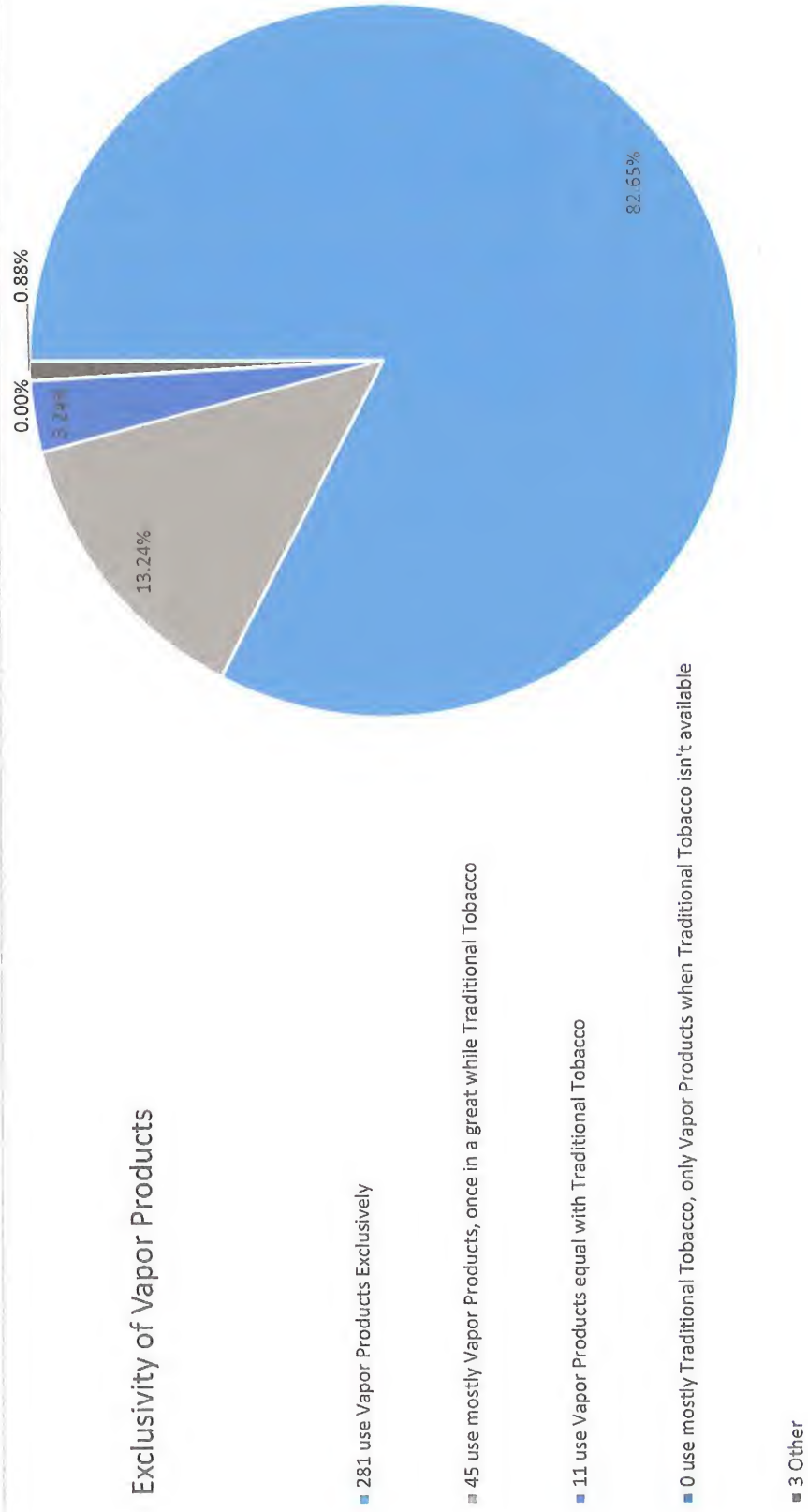


■ Pre-Tax Sales ■ Sales Incl. Tax

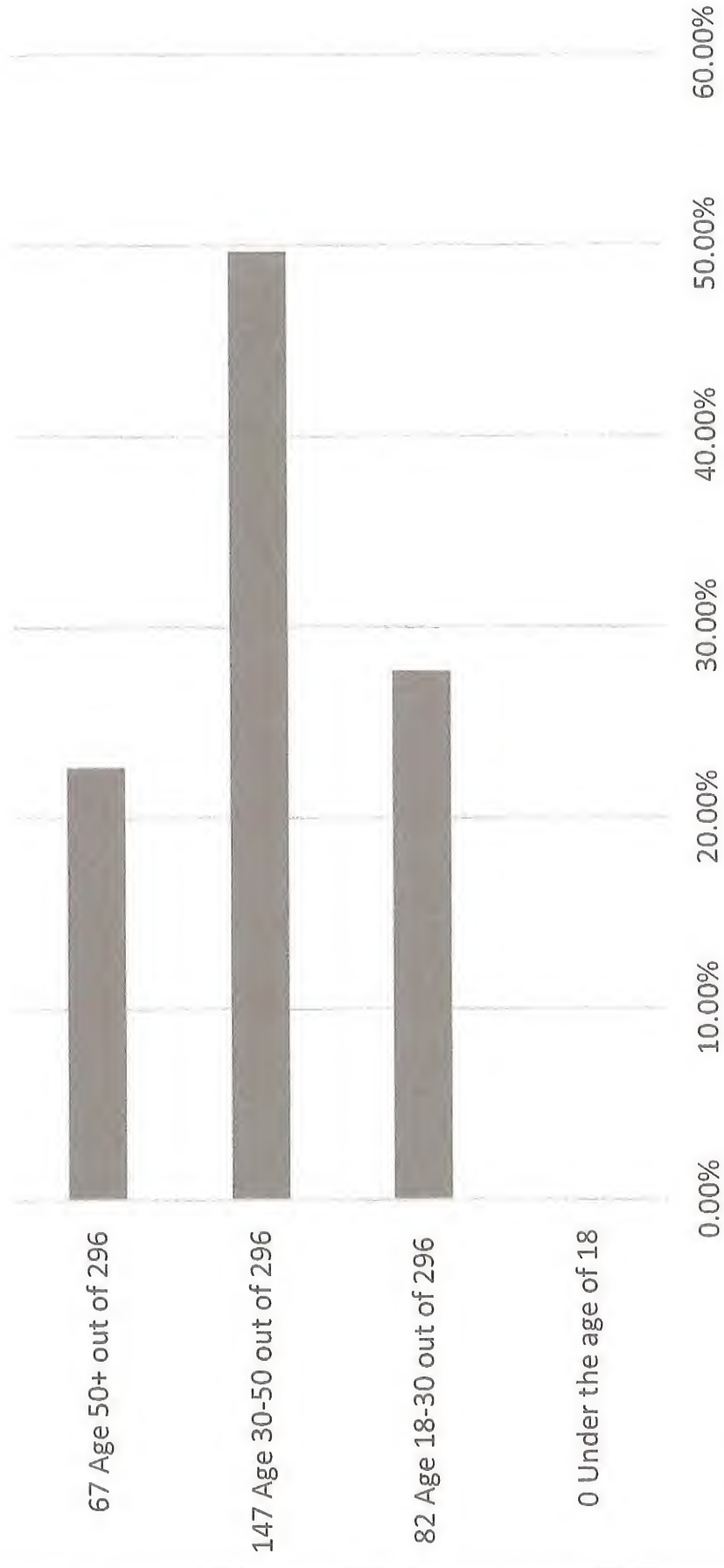
Co. Monthly Sales Totals



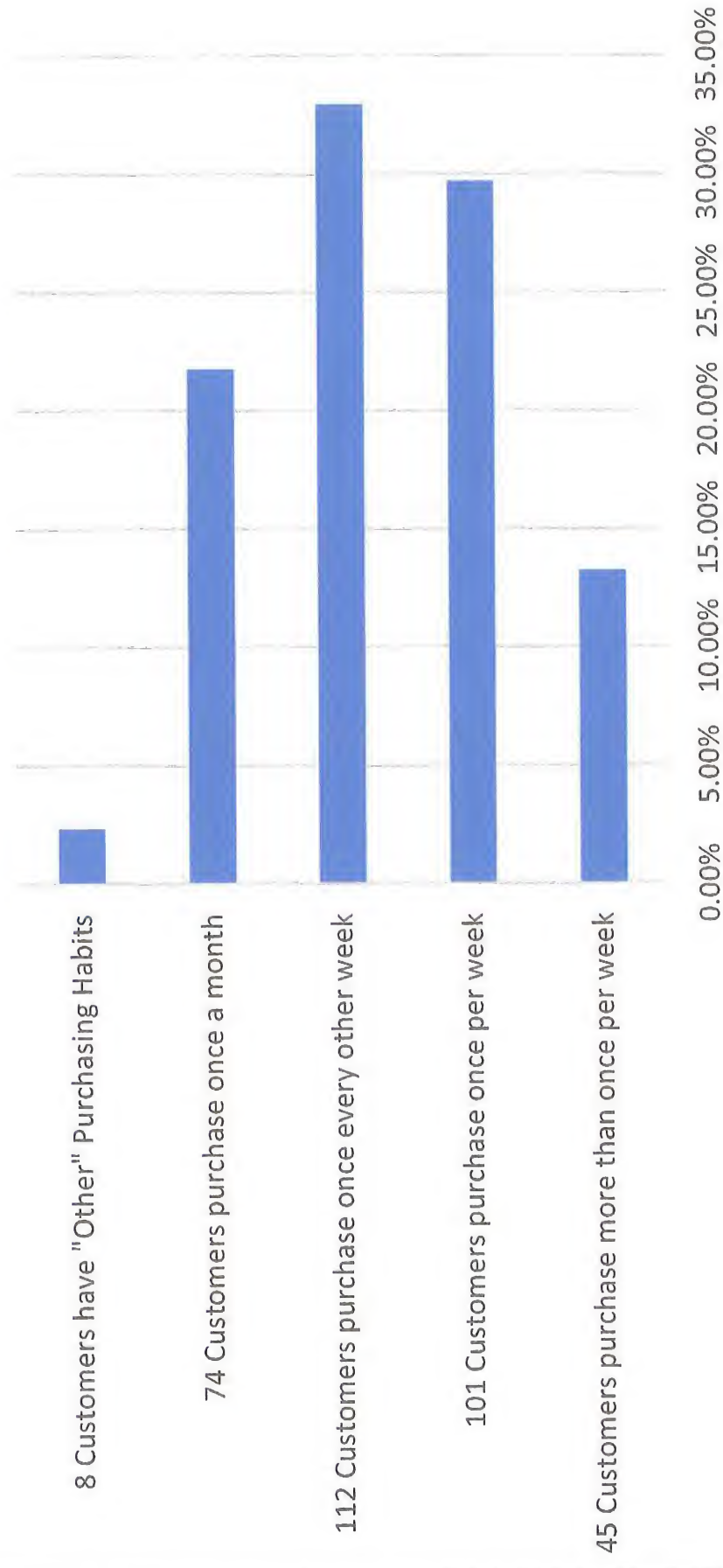
Exclusivity of Vapor Products



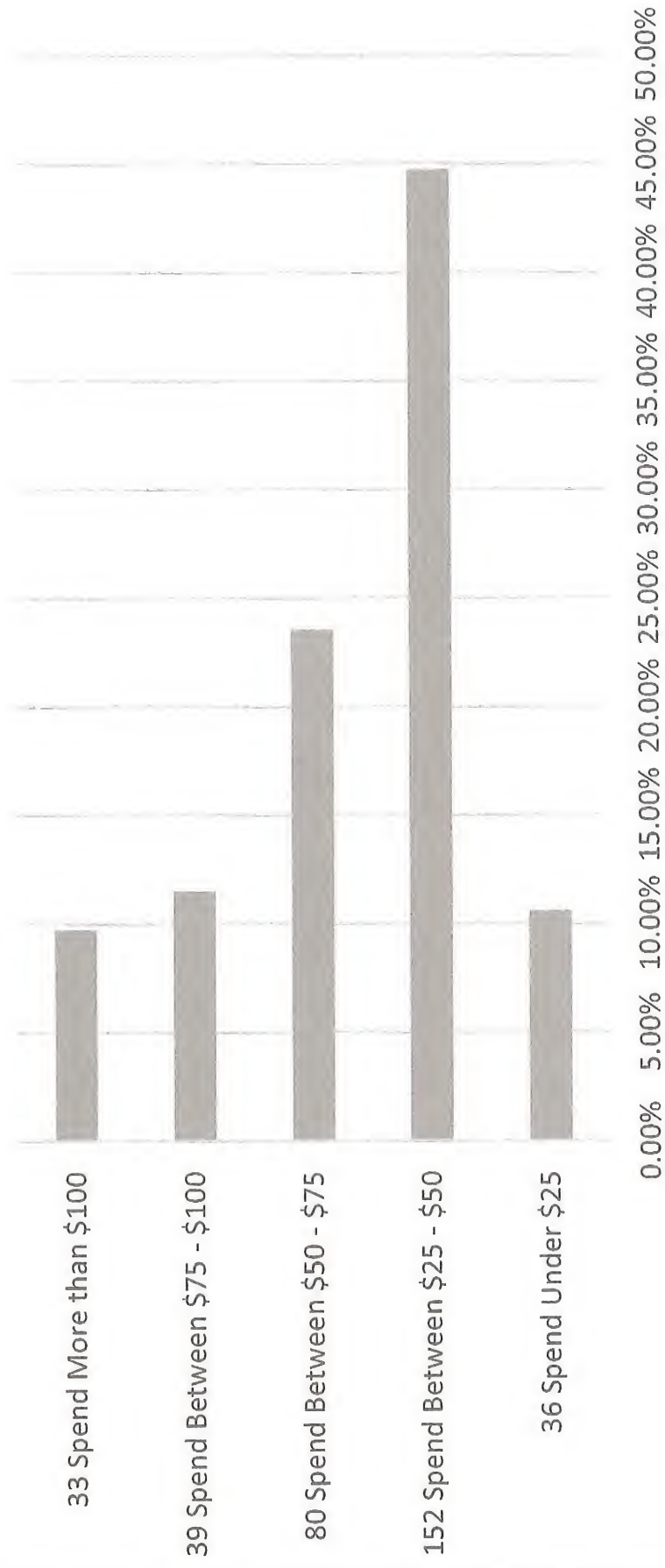
Average Age of Our Customers



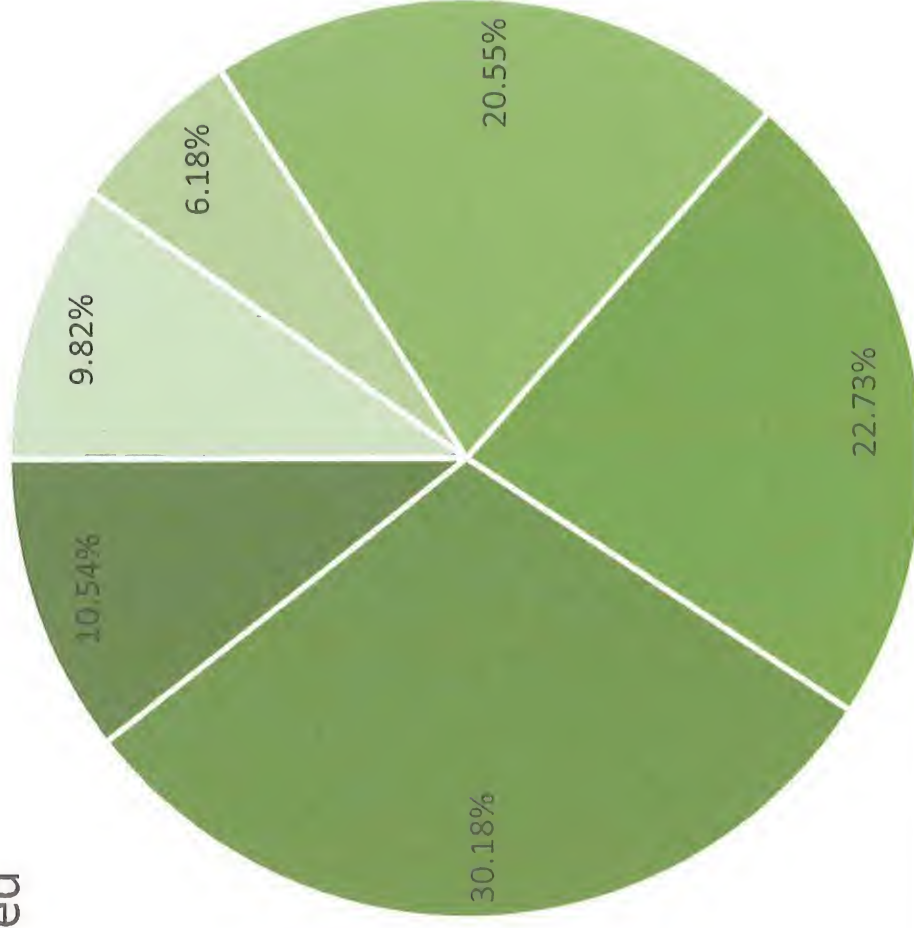
Frequency of Customer Purchases - 340 Participants



What Our Customer Typically Spends each Month on Vapor Products - 340 Participants



Customers' Favorite Flavor Categories - 296 Participants & Multiple Selections Allowed



■ Tobacco Flavors had 54 Selections

■ Menthol Flavors had 34 Selections

■ Bakery Flavors had 113 Selections

■ Candy/Cinnamon Flavors had 125 Selections

■ Fruit/Orchard Flavors had 166 Selections

■ Drinks/Coffee/Soda Flavors had 58 Selections

How Much of the Vapor Supply Budget is Utilized for Flavors - 340 Participants

